



FREQUENTLY ASKED QUESTIONS

Frequently Asked Examination Questions Applicable to all Licensees

Q I am asked to provide “Work papers to supplement and document information supplied on the annual report filed with this office as part of the examination. What documents does the department consider to be “work papers”?

A You are required to file with the department an “Annual Report” each year on or before February 1, “concerning the operations for the preceding year...” The department verifies the numbers reported on the annual report. This is done partly by reviewing the documents (work papers) that you used to arrive at the figures reported. Typically, this may be a spreadsheet in which you have listed each loan, or a report generated by the software that you use. You must be able to recreate the calculations used for annual report figures filed with the department.

Q I have a mortgage license. What documents are required for examination purposes?

A An examination consists of a review of loan files and any documents relating to your company’s status and financial well being, regardless of the type of license you hold. In addition to the loan files, the documents you will be asked to provide include, but not limited to the following:

- Corporate or organizational documents evidencing “Good Standing” (this encompasses the home state Certificate of Incorporation and the Foreign Corporation Certificate)
- Trade name certificates (NH and home state if applicable)
- List of owners, officers, directors (or members, partners, limited partners listed on Schedules A& B)
- Current financial statements to include a balance sheet and a profit / loss statement (most recent year and most recent quarter end)
- The most recent federal income tax return
- Operating account (register) journal and escrow account (register) journal, including corresponding bank statements for these accounts. You may be asked to provide copies of canceled checks or wire transfers that support the (register) journal entries.
- A list of correspondent lenders or brokers

- Work papers supporting the figures reported on your most recent annual report (you must demonstrate how the numbers filed on the annual report were calculated)
- Current interest rate sheets
- Copies of written consumer complaints
- Copies of any insurance agreements/policies available through your company
- A list and summary description of all loan products offered by your company
- A list of all affiliates, subsidiaries, parents with whom your enterprise is associated (you may submit an organizational chart to fulfill this requirement)
- Copies of media advertisement distributed in New Hampshire.
- A copy of your company's policy and procedures manual
- A list of current lending or brokering licenses issued by other states
- Copies of GNMA, FNMA, FHLMS approval letters if you issue Rate Lock Commitments
- Written policies and procedures that detail your process for compliance with privacy and safe guarding of consumer non-public information.
- All written policies and procedures.
- All third party agreements / contracts.
- The written policies that are in place that are in accordance with the Commissioner's order of November 13, 2006 concerning the Guidance on Nontraditional Mortgage Products.
- Emails and electronic documents are records the department frequently reviews. Be prepared to provide access to all documents and records no matter the storage media, including providing passwords and passcodes to access the documents. This would include internet and intranet access.

Q What documents are required to be kept in a mortgage loan file for examination purposes?

A The following is a list of documents the examiners review as part of the examination process. If you are only licensed as a broker, not banker, you need to maintain complete loan files which contain copies of all paperwork generated during the lending process (including a copy of the final Truth in Lending Disclosure, Note, Mortgage and HUD Settlement Statement). The loan file should tell the complete story of the lending process, starting with the first contact with the potential borrower through the closing of the loan. The department will review the following documents (please note this is not an exhaustive list of documents that may be in the loan file):

- 1003 credit application
- Note
- Mortgage
- Good Faith Estimate
- Truth-in-Lending Disclosure (initial and final)
- HUD-1 or HUD-1A
- Appraisal
- Affiliated Business Arrangement disclosure

- Equal Credit Opportunity Act disclosure (adverse action notice)
- Credit report
- 1008 Uniform Underwriting Worksheet
- All verifications performed such as VOEs and VORs
- Re-disclosures provided to the applicant during the lending process (if any)
- Copies of the “Privacy Statements” given to the applicant
- Detailed payment transaction histories if servicing the loans
- Documents that support the policies you have in place in regards to Guidance on Nontraditional Mortgage Products including the ARM and alternative mortgage disclosures for each product that the consumer considered in the application process.
- Re-pricing disclosures or notes of discussions (telephone logs) concerning the re-pricing of the products offered, including any credit reports, due diligence for no doc / low doc, stated income, no asset or any other non-traditional mortgage product, including amortization schedules if applicable. These documents should be in accordance with your written policies concerning non-traditional mortgage products.
- Telephone logs, emails, third party communications, or any notes that were generated during the process from application to closing.
- Payment transaction histories if you service the loan after closing.
- Transaction history detailing the purpose and disbursements in relation to any upfront fees collected from the consumer.

Q I am licensed as a sales finance company. I have been notified of an upcoming examination of my activities. What documents are required to be kept in the loan files for examination purposes? (Please note that retail sellers are not required under state law to be examined every 18 months unlike other license types, but may be examined at the Commissioner’s discretion).

A The following is a list of documents the examiners review as part of the examination process. We require that you provide complete loan files, which would be copies of all paperwork generated during the lending process. The department may review the following documents (please note this is not an exhaustive list of documents that may be in the loan file):

- Retail Installment contract
- Purchase and Sales Agreement (purchase order)
- Copy of the title or title application
- Detailed Payment Transaction history
- All Receipts for payments made in cash
- Copies of any warranties / service agreements sold with the vehicle
- A list of correspondent retail sellers (motor vehicle dealers)
- In addition to the above, all repossession files must also include forms required by the Department of Safety:
 - NH Affidavit of Repossession

- Notice of Default
- Notice of Disposition
- Vehicle Damage form
- Auction Consignment form